



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

Office of the Under Secretary

14 APR 1998

SAF/IAXM
Pentagon, (Rosslyn)

MEMORANDUM FOR SEE DISTRIBUTION LIST


FROM: SAF/IAX
1080 Air Force Pentagon
Washington DC 20330-1080

SUBJECT: Prompt Payment Act, Interest Penalty Fund Cite (IAX 98010)

References: (a) DSAA Memo I-61406/98, 12 Feb 98
(b) DFAS-DE/IX Msg R241505Z Mar 98

Ref (a) provides DSAA's updated guidance authorizing the use of a single fund cite for all PPA interest penalties relating to FMS transactions. In addition, DSAA approved all previously charged interest penalties to FMS cases be reversed and recharged to the single fund cite. Ref (b) is instructions to DFAS OPLOCs on the implementation on this revised guidance. FMS case/line managers should contact their DFAS OPLOC and request any PPA interest charges assessed to their FMS cases be reversed and recharged as stated in Ref (b).

POC is Patti Higgins, SAF/IAXM, DSN 425-8976.


for ERIC A. VRANEK, Col, USAF
Chief, Policy Division
Deputy Under Secretary, Int'l Affairs

Attachments:

1. DSAA Memo I-61406/98, 12 Feb 98
2. DFAS-DE/IX Msg R241505Z Mar 98

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DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, DC 20301-2800

12 FEB 1998

In reply refer to:
I-61406/98

MEMORANDUM FOR DEPUTY UNDERSECRETARY OF THE AIR FORCE
(INTERNATIONAL AFFAIRS)
DEPARTMENT OF THE AIR FORCE

SUBJECT: Prompt Payment Act Interest

During FY 97 the Defense Finance and Accounting Service (DFAS) assessed Prompt Payment Act interest and penalty payments against the applicable Foreign Military Sales (FMS) cases. This approach proved to be unfair to the foreign customer. Therefore, beginning in FY 98 these payments will be considered overhead costs and processed against a central account (Attachment 1). We have directed DFAS to reverse the FY 97 payments currently assessed against various FMS cases. My point of contact is Sally Liberty, (703) 604-6562.

H. Diehl McKalip
Deputy Director

Attachment:
As stated

cc: Office of the Deputy Under Secretary of the Army (International Affairs)
Director, Navy International Programs Office

RAAUZYUW RUEDMCB2308 0840033-UUXX--RUVAFC.

ZNR UUXX ZUI RUDIDFD0001 0831505

RUVMDBA T AFFTC EDWARDS AFB CA

RHAKAAA T 353SOG KADENA AB JA

RUHUBLK T 419FW HILL AFB UT

R 241505Z MAR 98 ZYB

FM DFAS CENTER DENVER CO//IX//

TO AIG 8623

AIG 8624

AIG 8626

AIG 9568

INFO ZEN/DFAS CENTER DENVER CO//O/IX/IRCI/IRAI/ALA//

BT

UNCLAS

MSGID/GENADMIN//

SUBJ/PROMPT PAYMENT ACT, INTEREST PENALTY FUND CITE//

NARR/

1. REFERENCE THE FOLLOWING:

A. DFAS-HQ/ADA MEMORANDUM DECEMBER 23, 1996, SUBJ: PROMPT PAYMENT ACT INTEREST - FOREIGN MILITARY SALES (FMS) PROGRAM.

B. DFAS-DE/ANA MESSAGE R201500 MAR 97, SUBJ: PROMPT PAYMENT ACT INTEREST - FOREIGN MILITARY SALES PROGRAM.

C. DSAA MEMORANDUM JANUARY 27, 1998, SUBJ: LINE OF ACCOUNTING FOR PROMPT PAYMENT ACT INTEREST.

2. REFERENCE A PROVIDED POLICY GUIDANCE AND DIRECTION FOR THE PAGE 02 RUEDMCB2308 UNCLAS

TREATMENT OF PPA INTEREST PAYMENTS FOR FMS. IT DIRECTED ALL PPA INTEREST SHALL BE CHARGED TO THE SAME FUNDS AS CITED ON THE FMS DISBURSING DOCUMENT. IT ALSO DIRECTED DISBURSING ACTIVITIES REQUEST EXPENDITURE AUTHORITY (EA) PRIOR TO MAKING A DISBURSEMENT.

3. REFERENCE B PROVIDED MORE DETAILED GUIDANCE TO DFAS-DE OPLOCS AND DAOS ON THE SAME SUBJECT.

4. IN REFERENCE C, THE DEFENSE SECURITY ASSISTANCE AGENCY (DSAA) APPROVED A CHANGE TO THEIR PREVIOUS POLICY OF CITING THE SPECIFIC FMS COUNTRY, CASE AND LINE ON THE DISBURSING DOCUMENT. EFFECTIVE IMMEDIATELY, THE FOLLOWING FUND CITE IS AUTHORIZED FOR CHARGING ALL AIR FOR AIR FMS PPA INTEREST PENALTY PAYMENTS; HOWEVER, EA IS NOT REQUIRED WHEN USING THIS FUND CITE: 97-11X8242.0002 4F 8467 NPPI67 00* S843067.

5. REF B ADVISED THAT FUND CODES 4E/4F DID NOT ACCOMMODATE THE USE OF EEIC FOR FMS TO REPORT THE REASON FOR AN INTEREST PENALTY PAYMENT. THEREFORE, THE '*' IN THE FUND CITE ABOVE IS WHERE THE ONE DIGIT REASON CODE IS TO BE PLACED. THIS FIELD CORRESPONDS TO THE FMS LINE POSITION NORMALLY CITED.

6. IN KEEPING WITH THIS POLICY CHANGE, DSAA HAS REQUESTED THAT ALL DISBURSEMENTS FOR FY 97 AND ANY FY 98 DISBURSEMENTS ALREADY PROCESSED PAGE 03 RUEDMCB2308 UNCLAS

FOR PPA INTEREST PAYMENTS CITING A SPECIFIC FMS COUNTRY, CASE AND LINE SHOULD BE REVERSED AND RE-CHARGED TO THE APPROVED FUND CITE PROVIDED ABOVE. IF ANY DISBURSEMENTS RECEIVED AS FMS WERE SUBSEQUENTLY ACCEPTED AND ADJUSTED TO NON-FMS, DO NOT CHARGE TO THE FUND CITE ABOVE. IF, DURING THE ADJUSTMENT PROCESS, THE REASON CODES ARE UNKNOWN, USE THE 'ALL OTHER' REASON CODE.

7. VOLUMES 10 AND 15 OF THE DOD FINANCIAL MANAGEMENT REGULATION WILL BE AMENDED, AS APPROPRIATE, TO ACCOMMODATE THIS POLICY CHANGE.

8. POINT OF CONTACT IS MR. STEVE CHERESNICK, DFAS-DE/IX, DSN 926-6249 OR COMMERCIAL (303) 676-6249.//

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